NATIONAL DAIRY
PRODUCTS CORPORATION

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ANNUAL REPORT • 1950

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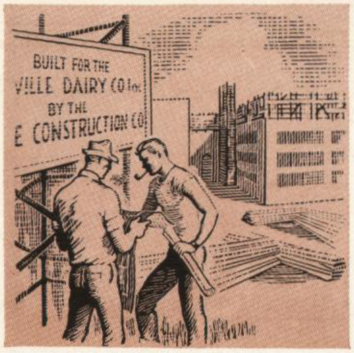
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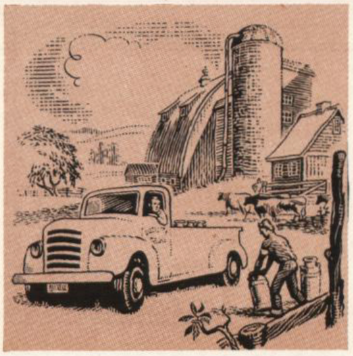

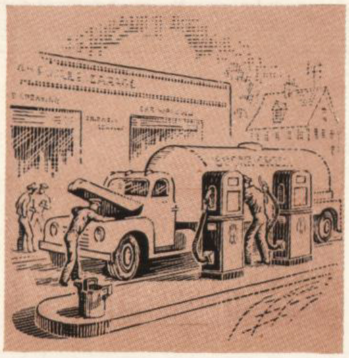

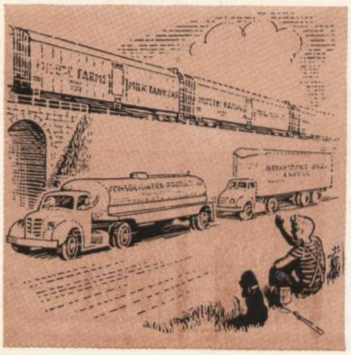
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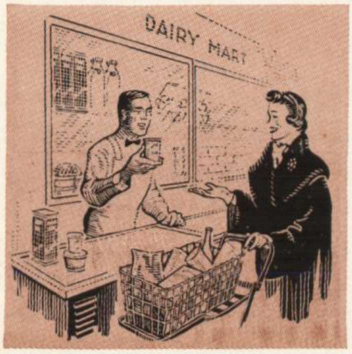
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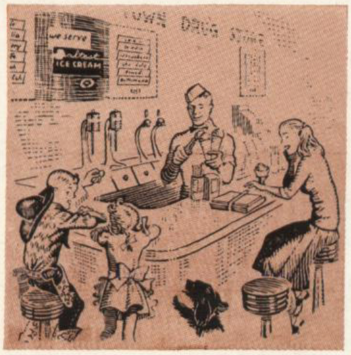

WE SERVE
ICE CREAM
DRUG STORE

Sealtest
Pasteurized Vitamin D Homogenized Milk

Philadelphia Brand Pasteurized Cream Cheese
Vegetable Gum Added
3 ozs. Net Wgt.
Kraft Foods Company Chicago, Illinois

Sealtest Ice Cream
Vanilla
Strawberry
Chocolate

This Is National Dairy

A typical American family seated around a dining table laden with the foods vital to health and well-being . . . this is a simple scene, familiar to all of us. It takes on a new importance in this critical hour of national emergency. To make this scene possible — in peace as in war — many people have worked and planned in countless ways and in many places, for many years.

The story of all these people and their families, working together, is the story of American industry. This, our 27th Annual Report, tells that story in the words of one industry — food, and one company — National Dairy.

Our report portrays the dairymen on thousands of the nation's individually-owned farms . . . the scientists and engineers in laboratories and shops . . . our men and women in the plants in the cities and countryside . . . the thousands of large and small, locally-owned businesses which distribute our products and other companies which furnish us with essential goods and services . . . and the millions of consumers who buy our products.

Since the dairy farm depicted on our cover was painted in 1861, America has become a bigger and a stronger country whose people live a longer and healthier life. In today's time of crisis, the men and women of National Dairy will continue to work with their friends and neighbors in order to serve the families of America with the foods vital to health and strength.

The pages which follow report our financial progress, to be sure. But we have tried, also, to show National Dairy at work, its people and its policies, and the part it plays in the life of the country. In addition to telling our stockholders what their money has earned, we have sought, also, to show them how it is being employed.

L.A. Van Bomel
President

Breyers
Half Gallon
Bulk Ice Cream
Breyer Ice Cream Co., Inc.

Breakstone's
Lightly Salted Butter
Delicious!
Breakstone's
Whipped Butter

Miracle Whip Salad Dressing
Kraft
Kraft Mayonnaise
Kitchen Fresh

Review in Brief

OUR OPERATING RECORD

OUR INCOME:

	1950	1949
The sale of our products amounted to	$906,641,000	$897,675,000
Our income from other sources was	3,298,000	2,445,000
This gave us a total income of	$909,939,000	$900,120,000

OUR COSTS AND EXPENSES:

Milk and other products purchased from farmers and raw materials bought from other suppliers cost us	$500,573,000	$507,872,000
To process our products and serve our customers, we paid wages and salaries of	161,601,000	156,888,000
Operating services and supplies, and other miscellaneous costs of doing business totalled	79,115,000	78,271,000
To package our products in bottles, cans, cases, cartons, jars and other containers required	56,009,000	53,756,000
Our direct taxes to help support Federal, state and municipal governments were	40,924,000	32,110,000
Repairs and maintenance to keep our plants functioning efficiently cost	19,566,000	20,789,000
In addition to repairs and maintenance, we provided for depreciation on plant and equipment	17,286,000	14,944,000
We paid as interest to our bondholders	2,200,000	2,231,000
This brought our total costs and expenses to	$877,274,000	$866,861,000

OUR PROFIT:

This left a profit of	$ 32,665,000	$ 33,259,000
or		
On each $1 of sales	3.6¢	3.7¢
or		
Per share	$5.14	$5.26
Which was divided as follows:		
Paid as dividends to stockholders	$ 17,737,000	$ 13,860,000
or		
Per share	$2.80	$2.20
Retained in business	$ 14,928,000	$ 19,399,000

(The statements of Consolidated Profit and Loss and Consolidated Earned Surplus will be found on page 22)

Review in Brief

OUR FINANCIAL POSITION

WE OWNED

	1950	1949
Cash and Government securities	$ 38,836,000	$ 53,593,000
Accounts due from customers	38,669,000	32,825,000
Products, materials and supplies	94,434,000	80,124,000
Investments and other assets	11,452,000	10,929,000
Property, plant and equipment (net)	160,050,000	146,132,000
Total Owned	$343,441,000	$323,603,000

WE OWED

	1950	1949
For materials, services and taxes	$ 47,164,000	$ 42,477,000
Long-term debt	79,400,000	80,500,000
Reserves for prior years' taxes, insurance, etc.	11,482,000	11,018,000
Total Owed	$138,046,000	$133,995,000
OUR NET WORTH, the excess of what we owned over what we owed	205,395,000	189,608,000
	$343,441,000	$323,603,000

(The Consolidated Balance Sheets will be found on pages 20 and 21)

The President's Statement

TO NATIONAL DAIRY STOCKHOLDERS:

Our Company had another good year in 1950. Sales were up both in dollar volume and tonnage. Our earnings before income taxes were higher. We increased our dividends to stockholders. We paid more money in wages and increased benefits to our workers.

Our increased earnings before taxes resulted in large part from higher sales, greater efficiency and from economies brought about by capital expenditures over the last five years.

Earnings per share after taxes were reduced only slightly in 1950 despite the substantial increases in Federal income tax rates.

DIVIDENDS INCREASED

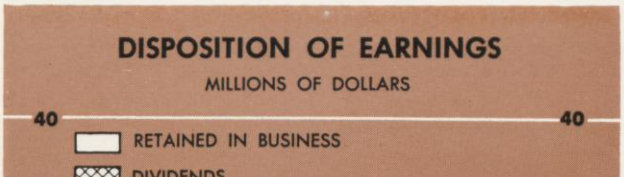
In 1950 we paid the highest cash dividends in 22 years. The Directors declared a dividend of 70 cents a share for the first quarter of 1951, payable on March 10 to stockholders of record on February 19.

Detailed figures on our operating record and financial position are carried in the preceding Review in Brief, and in the financial section on pages 20 to 25. Other business and economic trends which affect the operations of our Company are treated in the remaining sections.

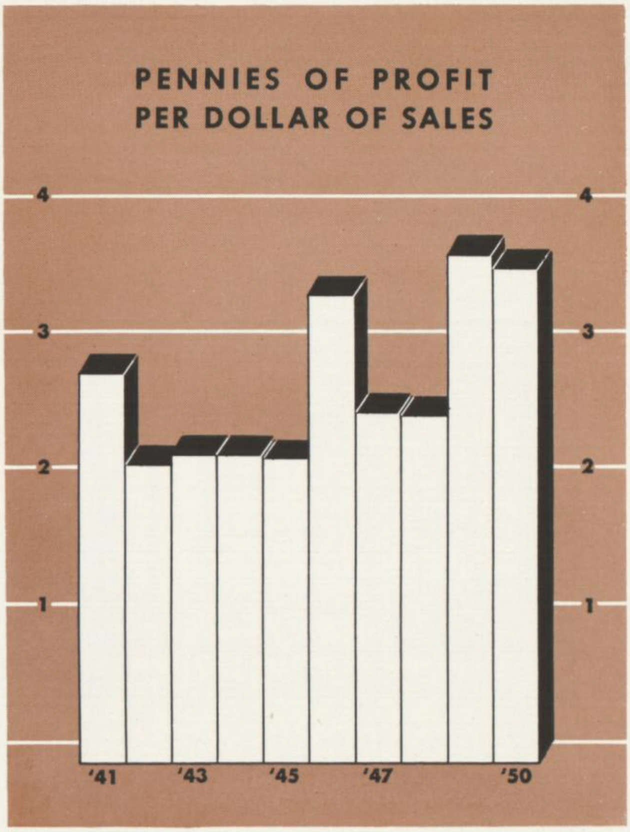
In preparing this report, we have followed as far as possible the suggestions made by stockholders at our request last year.

PROGRESS ON BUILDING PROGRAM

During the past five years, our physical plant has been expanded and modernized. In 1950, our Harding Company's new ice cream plant in Omaha was placed in operation. Construction was almost completed on a new milk plant for our Supplee Company in Philadelphia, and on a new ice cream plant for our Luick Com-

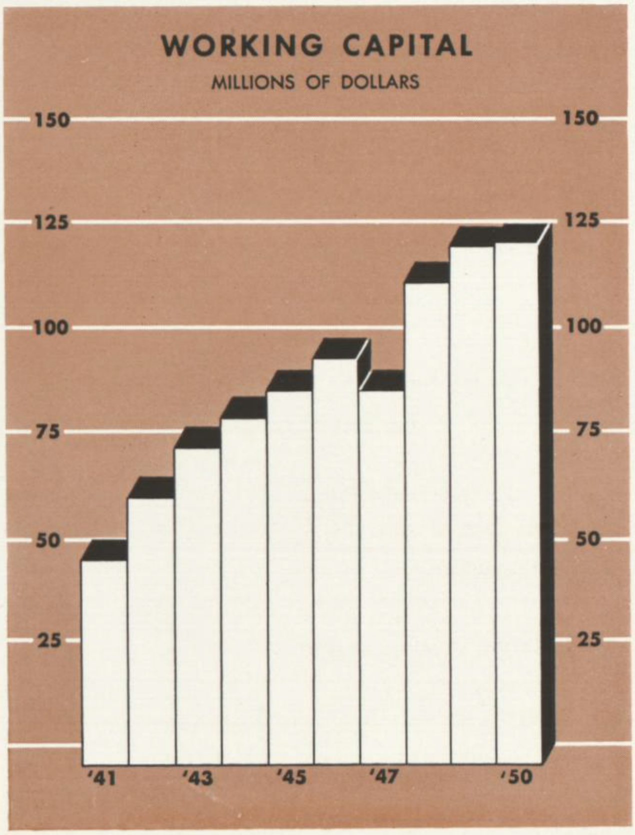


pany in Milwaukee. Construction was started on a new ice cream plant for Rieck-McJunkin in Pittsburgh, and on a milk and ice cream plant for Southern Dairies at Winston-Salem, N. C. Kraft has built a new vegetable oil refinery in Chicago, a bulk cheese plant at Clayton, N. Y. and a sales branch at White Plains, N. Y.; has commenced construction of new sales branches at Grand Rapids and Tulsa, and developed plans for a proposed plant near Atlanta. Kraft has begun operations in its new Hillside, N. J. processing plant under a long-term lease. Kraft has also leased new sales and distribution branches built for its use at Charlotte, N. C., Syracuse, Allentown, Houston, Miami, Jacksonville and Albany. Additional sales branches are being built by Kraft at Denver, Fargo, N. D., Peoria, Providence, Salt Lake City, Sacramento, Sioux City, Iowa, and Waterloo, Iowa. Under construction for lease by our Consolidated Products Company are plant-warehouses at Sacramento and Des Moines.



The year just closed also saw the dedication of our research laboratories at Oakdale, L. I., with ceremonies in which some of the nation's leading scientists participated. This central unit, together with our Kraft research laboratories at Glenview, Ill., and our experimental farms at Danville, Ill., and Des Moines, Iowa, comprise the most modern dairy food research facilities in the world.

A substantial part of our post-war capital expenditures program for plant and equipment has been carried out according to schedule. We will continue to appraise the situation carefully in each market, and to undertake such new construction as conditions warrant.

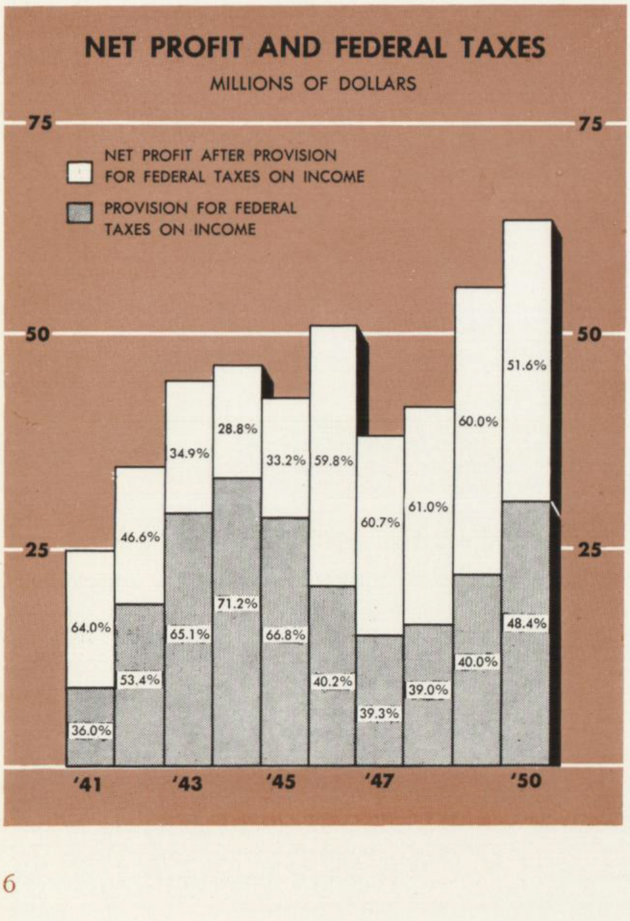


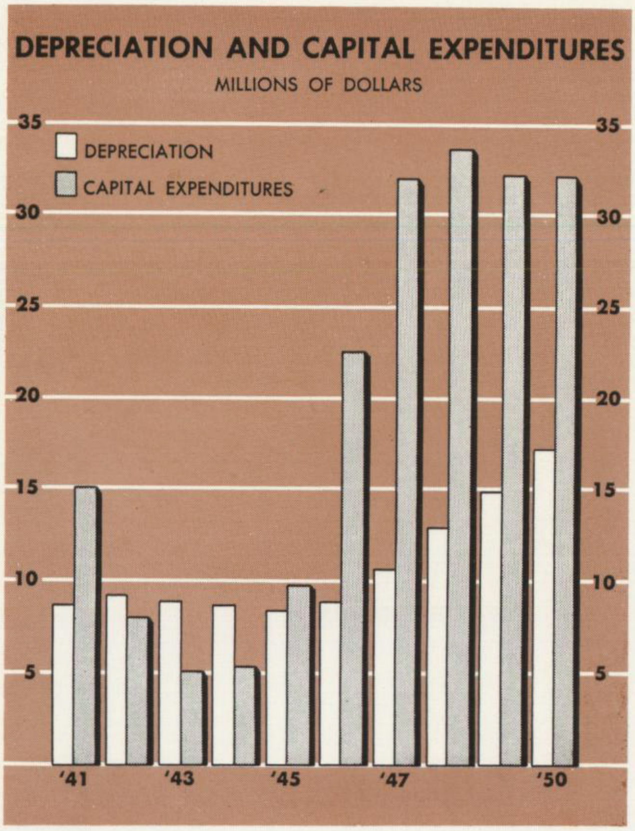
DISTRIBUTION EXPANDED

In addition to plant production facilities, we continued in 1950 to extend our channels for distribution. We also broadened our national merchandising efforts, which resulted in increased volume and wider consumer acceptance of our products. To illustrate the current merchandising program for our stockholders, two forthcoming advertisements are inserted in this report.

We promote to the fullest extent our familiar and well-established brands, seeking at the same time any possible way to improve our products and to create new ones. Four new products—described elsewhere in detail—were introduced in 1950. Kraft's new Cheese in Slices was introduced nationally, and Kraft's new Salad Oil was market tested and will be distributed nationally this year. Sealtest Concentrated Milk and Consolidated Products Company's new dog food were introduced in a few localities last year, and will be available in other markets in 1951.

Our companies are constantly developing new and improved production methods. Our Sugar Creek Creamery Company was instrumental in the development of the continuous butter process. This is termed the greatest improvement in sanitary butter making in years. It is being instituted as a standard process in our butter making plants, and has been made available generally to the industry through a large equipment manufacturer which collaborated in its development.





We also made the first important addition to our list of operating divisions since the early 1930's when we entered the New Orleans market late in 1950 through the acquisition of Cloverland Dairy Products Company, an old and highly regarded milk and ice cream business.

MANAGEMENT AND PERSONNEL

Companies and plants alone, however—no matter how well-established or how modern and efficient—cannot assure leadership in today's highly competitive markets. They must also be headed by able, experienced men backed with ample facilities for providing new and better things for the consuming public.

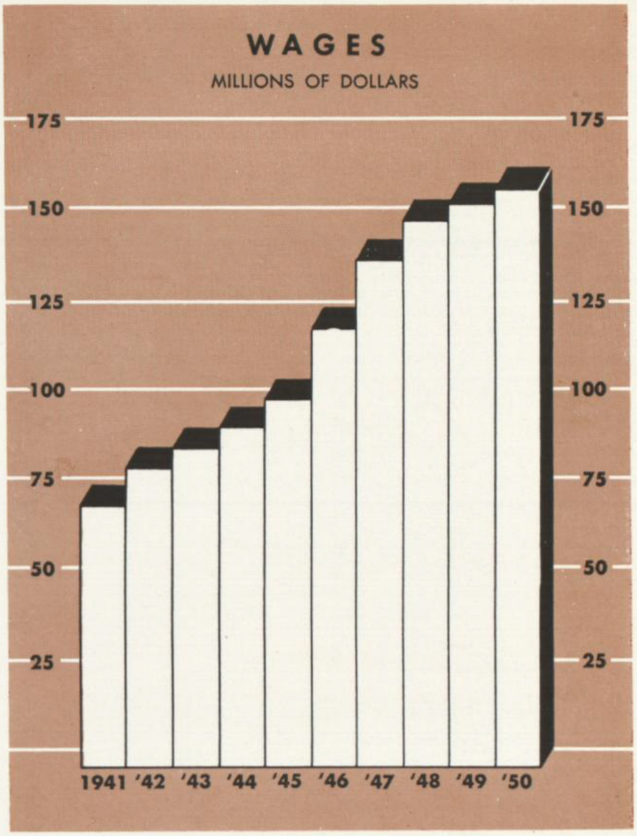
The group of men who head our operating companies are among the most experienced and the ablest in the industry. They have been with us for many years, and nearly all of them have come up to their present posts from humble starting positions. The management of our business has been so organized that all companies have the benefit of the experience of all of these men. This pooling of ideas and abilities is of inestimable value to our continued success.

We are continuing our plan to select and train the management of tomorrow from among the many able and promising younger men in our employ.

Our pension program for employees was expanded and instituted in its new form in January of 1951. A new non-contributory pension plan is thus made available to our operating companies. The contributory retirement annuity plan existing since 1941 also was broadened. Adoption of these plans will enable our companies to offer to employee groups the added incentive of retirement advantages. Basic provisions of these plans appear in the Employee Section on pages 16 and 17.

We regret the resignation from the Board of Directors of B. S. Halsey after nearly a quarter of a century of conscientious attention to the Board's deliberations. Mr. Halsey, whose father was one of the founders of our Sheffield Farms Company, joined that organization 54 years ago and has devoted his entire business life to our companies.

To further fortify our present top managerial organization, we have made some important executive promotions which, in turn, have opened opportunities for other men to reach key positions. During the year, Mr. E. E. Stewart has been made Executive Vice-President after thirty years of service. He was formerly Vice-President of our Cleveland and President of our Pittsburgh subsidiaries. Subsequently, Mr. Stewart became chief of a group of our midwestern companies. For the past six years, Mr. Stewart has been the principal assistant to the President of National Dairy. Mr. P. P. Miller was promoted to Vice-President and is in charge of all our milk and ice cream operations. He was formerly Executive Vice-President of our General Ice Cream Corporation covering the New York-New England area, in which he has served for thirty consecutive years. Mr. J. Huber Wetenhall was made Assistant Vice-President after heading a group of our midwestern companies. Mr. Wetenhall has served with our eastern and midwestern subsidiaries for twenty-one years.



FUTURE PROSPECTS

Any attempt to forecast the exact results of the Company's operations in the troubled and unsettled year ahead would be foolhardy. However, as the nation's vast mobilization program gains impetus, both civilian and military food demands are expected to increase. Producers, processors and distributors must continue and extend their joint efforts to maintain the food supply. We are well equipped with men and facilities to maintain our leadership, and to help meet whatever challenges the future may hold.

We wish to thank the stockholders and the employees of our Company for their efforts, that have contributed so much toward making our fine showing for 1950 possible.

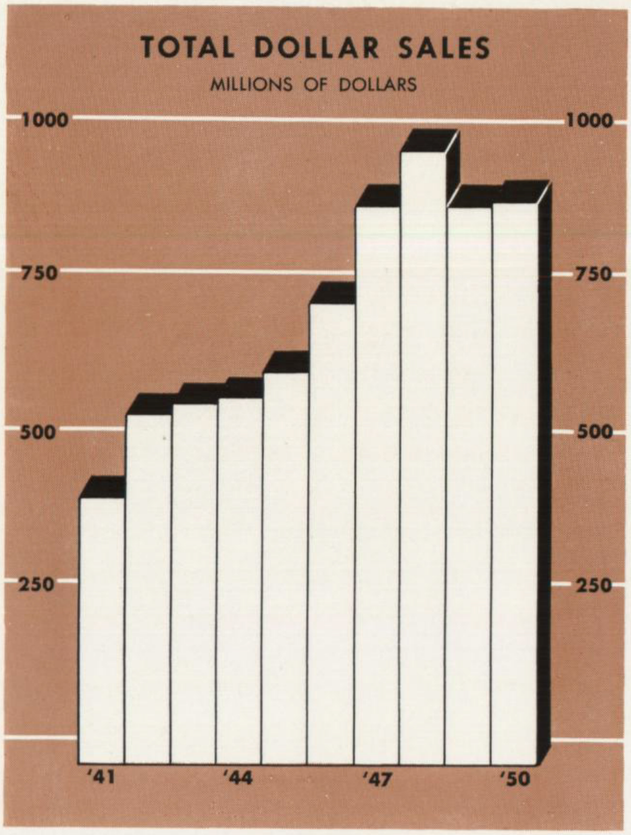
In the year ahead, as in the years past, the efforts of National Dairy will be dedicated to the wider use and better understanding of dairy products as human food . . . as a base for the development of new products and materials . . . as a source of health and enduring progress on the farms and in the cities and towns of America.

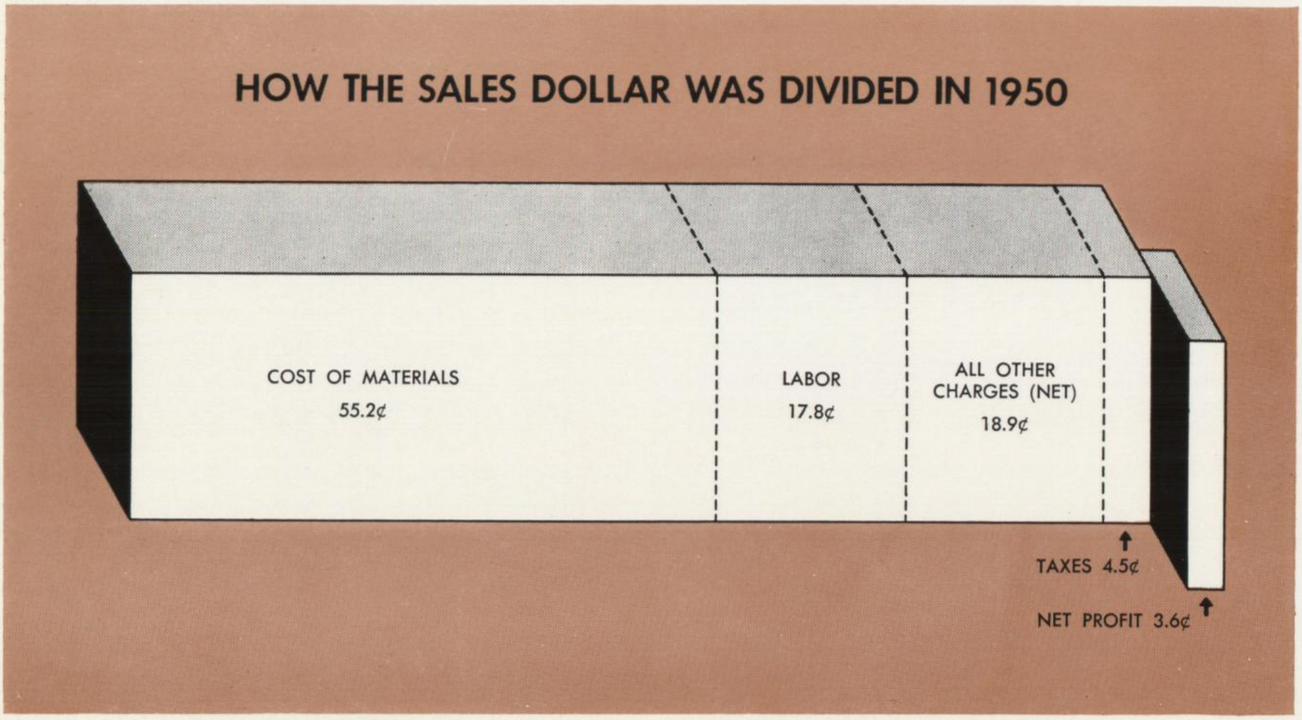
L.A. Van Bomel
President

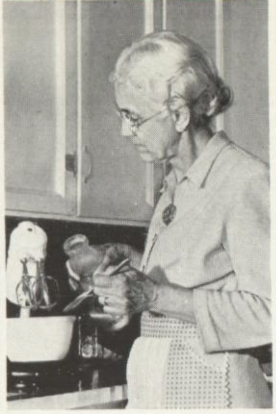
By order of the
Board of Directors

Thos. H. McInnerney
Chairman of the Board

New York, N. Y.
March 8, 1951.







Stockholders

National Dairy is owned by 64,420 stockholders in all walks of life. Each quarter, the mails carry our dividend checks to teachers, doctors, storekeepers, librarians, students, widows, farmers, ministers, plant and office workers, and business men of every kind and description. A total of $17,737,000 was paid to them in dividends in 1950.

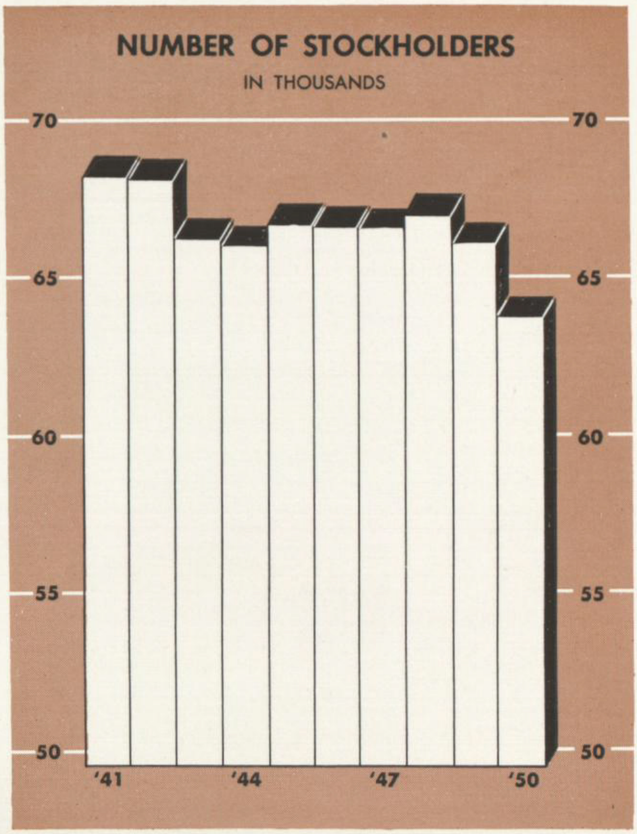
Our stockholders live in every state throughout the country, in territorial possessions of the United States and in some foreign countries. They have an average holding of less than 100 shares each.

Thus, the earnings of National Dairy find their way into the lives of many people and into the economic complex of many communities.

INSTITUTIONAL HOLDERS

A total of 363 non-profit institutions, whose work is entirely in the public interest, are investors in our Company. They include 76 colleges, universities, and other educational institutions; 91 churches; 48 societies and associations; 68 homes and other types of shelters; 19 charitable institutions; 35 hospitals, and 26 foundations. In addition, 59 insurance companies are holders of our stock. All of these organizations depend heavily upon income from investment for the activities which bring benefit to countless thousands.

In this way, returns from National Dairy stock—as is the case with other corporate dividends—help to promote scientific research; to educate young people; to provide income and pensions for the aged; to alleviate the suffering of the ill and needy, and to sustain many others through financial stress in times of emergency.



Consumers

The industry in which National Dairy is engaged is one that serves every individual in the country. Food is the most essential of all commodities. Everybody consumes food, and nearly everyone is constantly seeking it in forms that are more nourishing, more appetizing, more convenient and more economical.

The size of this market and the insistent demand for high quality at a moderate price, have made the food industry one of the most competitive. An estimated 30,000 companies in the United States distribute milk —which is only one of the hundreds of food items available to the American consumer—and more than 35,000 plants process milk, cheese, ice cream, butter and other dairy products.

CONSUMER DEMAND GROWING

The fact that National Dairy serves more people with more products each year is the best evidence of consumer acceptance and approval of our products and services.

Since our Company was founded 27 years ago, the demand for more food and better food has grown by leaps and bounds. In the past decade alone, the population of the United States has increased by 20 million people, or approximately 15 per cent.

PER CAPITA CONSUMPTION UP

Not only are there more families in the United States today; they have more income and are buying more of the foods that appeal to them. Compared to 10 years ago, per capita consumption of fluid milk today is about 10 per cent greater. Cheese is up approximately 15 per cent, and ice cream, now recognized as a healthful food, is up nearly 40 per cent. Higher wages, better public understanding of diet and the nutritional value of dairy products, more attractive packaging and better

Mrs. Mary B. Horton, (left) Director, Sealtest Consumer Service, National Dairy Products Co., Inc., and Miss Marye Dahnke, Director, Consumer Service Department, Kraft Foods Company.

Loading a plane from a Southern Dairies truck at Miami airport with a shipment of Sealtest ice cream to be flown to South America.

N1817M
Sealtest
MILK

Sealtest
COTTAGE CHEESE
GARDEN SALAD
Devon Style

Sealtest
PASTEURIZED CHOCOLATE MILK

made by KRAFT
PARKAY
OLEOMARGARINE
COLOR-KWIK BAG
VEGETABLE OLEOMARGARINE

distribution have all contributed to this increased rate of consumption.

DAIRY FOODS ECONOMICAL

Another important factor has been the economy of dairy foods in a period of rapidly rising prices. Although prices of dairy products, like all other living costs, have increased materially since the war, they have gone up proportionately less than other foods. In ratio to the average 1935-39 price, meats had advanced in 1950 to 242 per cent, fruits and vegetables to 201 per cent—while dairy products had risen to only 183.9 per cent.

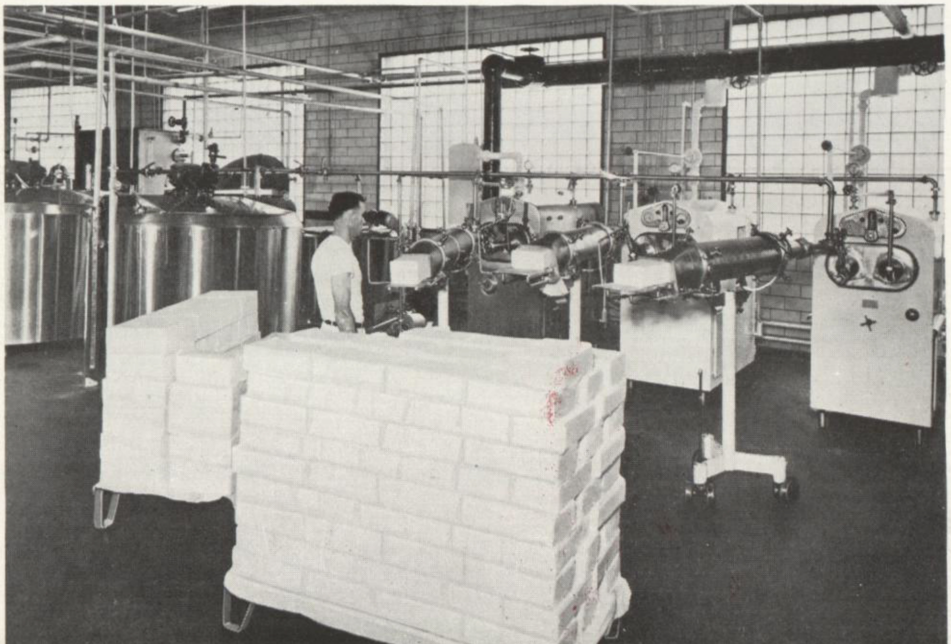
Various economic forces now at work will probably affect future food requirements. National mobilization is expected to increase both civilian and military food use, and to put new responsibilities on industry to meet these demands. We are better prepared than ever before to help supply increased food needs occurring in the critical defense situation.

IMPROVEMENTS BENEFIT CONSUMERS

To serve a growing market, National Dairy has been steadily expanding and improving its facilities. Our line of quality products has been broadened and diversified. Many improvements in processing, packaging and distribution have been put into effect. Other new developments are underway in our laboratories and pilot plants.

All of these steps are merely part of National Dairy's continuing effort to serve its customers more efficiently with more attractive and wholesome foods. It is a process which has been going on, in the case of some of our companies, for over a century. Many of those we serve have been our customers for half or more of that time. Others are trying our products for the first time each day. Only as we merit it do we retain the continuing support of any of them.

New continuous butter making machine in our Sugar Creek Creamery at Louisville, Ky. This is a revolutionary process which we were instrumental in developing.



John H. Platt, (left) Kraft's Vice-Pres. and Dir. of Advertising, and Glenn Gundell, Dir. Advertising and Sales Promotion, National Dairy Products Corporation.

Research and New Products

Our companies produce and sell a wide variety of products. Some of these products we prepare and distribute directly to consumers. Others are made for a number of industries which, in turn, use them in the manufacture of their own products.

One new consumer product resulting from our development work won wide public favor in 1950, and three others were introduced through market tests in selected consumer areas. Kraft's new Cheese in Slices, introduced originally in 1949, is automatically manufactured and packaged in slices. It has grown tremendously during the last year in consumer popularity. Perfected and introduced after years of research, it is completely free from rind or other waste and the slices are easy to separate, making it extremely convenient for home use.

OTHER NEW PRODUCTS

The newly-developed Kraft Salad Oil, the same as that perfected for use in Miracle Whip salad dressing, is now available to consumers. Made by a special super-refining process, it is ideally adapted for use in mixing salads.

Another new product, Sealtest Concentrated Milk, which is simply pure, fresh, whole milk with most of the water removed, is now being consumer tested. Weighing only a third as much as regular milk, and occupying only a third of the refrigerator space, this product, when mixed with two parts of cold water, becomes pasteurized, homogenized milk with all the food value intact, indistinguishable in appearance and flavor from conventional milk. Distribution of this product will be expanded to other markets in 1951.

Another new product currently being tested in the market is the dog food developed by our Consolidated Products Company. Its distribution will be broadened this year.

INDUSTRIAL PRODUCTS DEVELOPED

Our Kraft Foods Company alone has 55 industrial products. Consolidated Products Company produces a line of 13 animal feeds. The Chemical Division of Sheffield Farms Company makes 30 products for industrial and pharmaceutical uses.

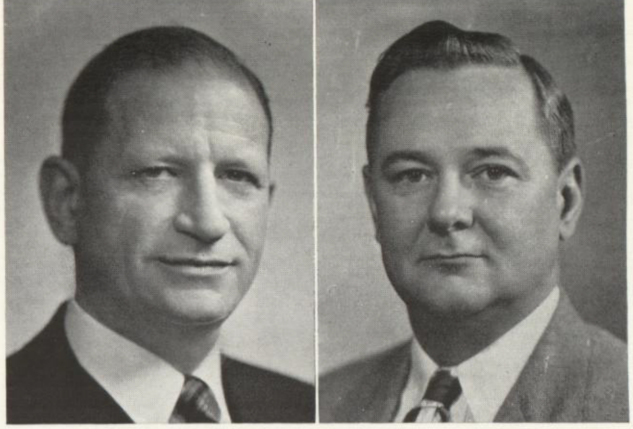
Kraft products for bakers include the dried milks, Kralex and Lacalac. Kraystay is widely used as a stabilizer in foods. Krafen, a dried whey, is employed in making creamed soups, gravies, bread, muffins, cakes and candies. Kraft also makes several cheese-flavoring products for specialty manufacturers, as well as a line of animal feed products.

Our Consolidated Products Company is devoted solely to the production of animal and poultry feeds, with an extensive line including the well-known Semi-Solid "E" Emulsion, Semi-Solid Pig Emulsion, and Semi-Solid Chick Emulsion. Consolidated's feeds for animals and poultry are primarily derivatives of skimmed milk, buttermilk and whey. They include

KRAFT
Salad Oil

KRAFT
DeLuxe
SLICES
PASTEURIZED PROCESS
AMERICAN CHEESE

Sealtest
PASTEURIZED
HOMOGENIZED
CONCENTRATED
MILK A
Makes three full quarts
Makes one full quart



Dr. L. B. Hitchcock, *(left)* Director of Research, National Dairy Products Corporation, and Charles W. Kaufman, Director, Kraft Research Laboratories.

Kaff-A, which American farmers have found of great value to the health and growth of calves.

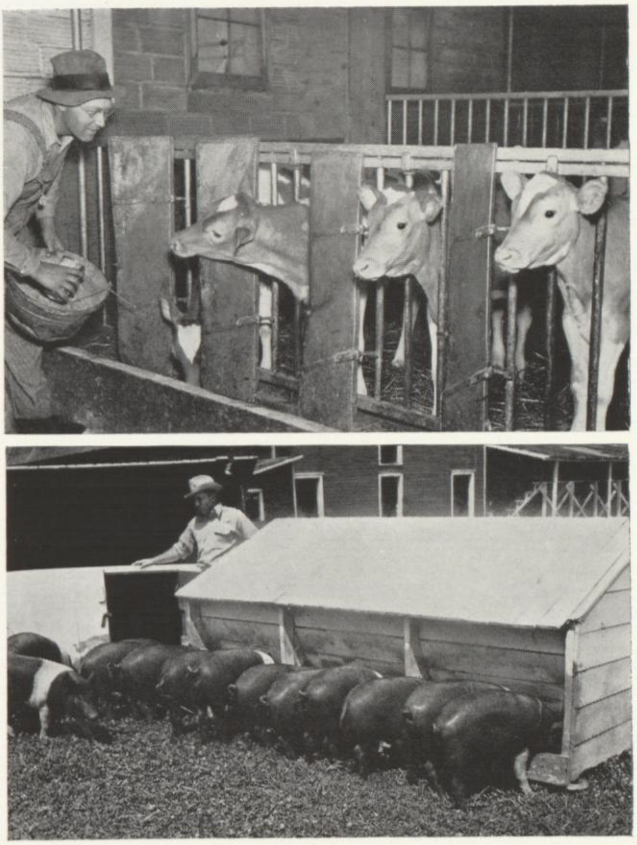
The Sheffield Farms Company's Chemical Division supplies casein, derived from milk, for use in the manufacture of the coatings for glossy papers, adhesives, rubber latex and paints. Sheffield's new caseinates—salts of casein—are employed in the making of foods. Calcium lactate, sodium lactate, and ferrous lactate also are supplied for various industrial uses.

Our specialized products also have many uses in medicine and pharmacy. An amino acid mixture made from milk protein aids intravenous feeding. Digested milk proteins are used to grow organisms producing antibiotics, such as streptomycin, and for making biologicals, including tetanus and diphtheria toxins. The milk proteins have many other applications, such as in the preparation of special diets. Refined milk sugar, lactose, is used in making pharmaceutical tablets and infant foods, while another form of milk sugar is supplied in large quantities for making penicillin.

RESEARCH FACILITIES EXPANDED

The 1950 highlight in our long history of research progress was formal dedication of the National Dairy Research Laboratories at Oakdale, L. I., on June 2, 1950. This event marked completion of our broader system of research facilities, which we began to develop right after the last war.

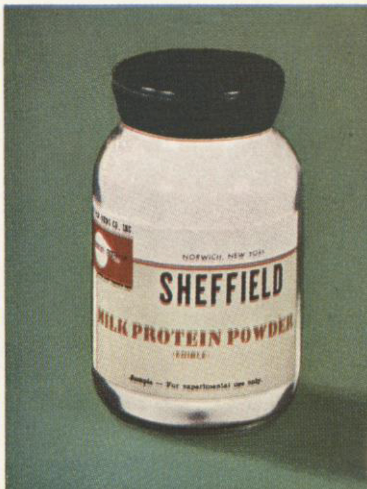
At work in these laboratories are more than 230 scientists and technicians. They are employed on a wide variety of projects, ranging from basic research in food materials and nutrition to methods of plant maintenance and sanitation, from the development of new products to better ways to package and distribute present products, from more efficient production on the farm to higher quality and better flavor for the consumer's table.



Typical scenes of calves and pigs eating our scientifically prepared animal feeds. These feeds promote the weight and vigor of poultry and livestock.

KRAFT
PIMENTO
CHEESE SPREAD
A KRAFT PRODUCT
ROKA
CHEESE SPREAD
KRAFT
RELISH
CHEESE SPREAD

8 oz. NET
PASTEURIZED
Breakstone's
CREAMED
COTTAGE CHEESE
Breakstone's
Creamed
COTTAGE CHEESE
PASTEURIZED
Mfd. by BREAKSTONE BROS., INC., NEW YORK, N.Y.


NORWICH, NEW YORK
SHEFFIELD
MILK PROTEIN POWDER
EDIBLE

Producers

From the truck gardens in the east, from the fruit farms of the west and south, from the corn and soybean regions of the mid-west and from dairy farms in many states comes the produce that goes into our food products.

Our companies buy from and work with thousands of the nation's individually-owned farms in a close, day-by-day relationship with producers.

We depend upon them for a constant flow of many raw materials—including milk, fruits, vegetables and eggs. They depend upon us for a constant market for their produce, at fair prices. Last year we paid out $500,573,000 to the farmers of America.

Dairying is the source of an important share of farm income. One out of every fifteen American families depends on milk for a livelihood. It makes up nearly fifteen percent of farm cash income, running nearly $4 billion in 1950.

COOPERATION WITH DAIRYMEN

Thus the activity of our local companies reaches into the very lifestream of the farmlands and rural communities. Yet our link with the dairy farmer goes far beyond the relationship of producer and distributor. The intricate pattern of dairy cooperation begins in the laboratory and ends at the pasture and cow-barn.

At our laboratories, experiments are underway on fodder and soil content, animal digestive processes, and the results of various types of feeding on milk production. Dairy experts from the universities and state experimental stations cooperate with our scientists in this effort.

FARMERS AIDED

In the field, many different types of projects are conducted directly with the farmers. For example, our companies sponsor a program to help growers achieve larger and better yields of fruits for use in ice cream products. The output of strawberry, peach, cherry and other fruit growers has been improved in quality and quantity as a result of this joint effort.

Our companies send trained field teams of veterinarians, dairymen and other farm specialists to the fruit fields, the silos, the milk-barns and the pastures every day. The individual farmer is helped directly in the solution of problems of pasturage, silage, building construction, sanitation and milk production.

ACHIEVEMENT AWARDS IN 1950

Community-wide efforts towards setting up or expanding dairy enterprises are also promoted by our companies. We give prizes at dairy shows, state fairs and stock shows. In 1950, a total of 105 plaques were given to testers, supervisors and members of the Dairy Herd Improvement Association in the Annual National Dairy Efficient Production Awards for Superior Achievement in Dairying. Cash awards were made to 360 other producers.

We work with the 4-H Clubs and the Future Farmers of America, in helping to promote organized activities. National Dairy Achievement Awards went to 120 members of these two farm youth groups in 1950, and 795 of them received cash awards.

JUNIOR DAIRYMEN

The Junior Dairymen Project, organized in 1948 by Kraft in two Southern states, now has over 1,000 members taking part in all areas where Kraft has plants. The Junior Dairymen, working closely with the 4-H Clubs and Future Farmers of America in 98 communities, earned $165,000 during 1950 by selling milk to plants in their localities. In addition, the Junior Dairymen now own 1,063 dairy cows and much dairy equipment.

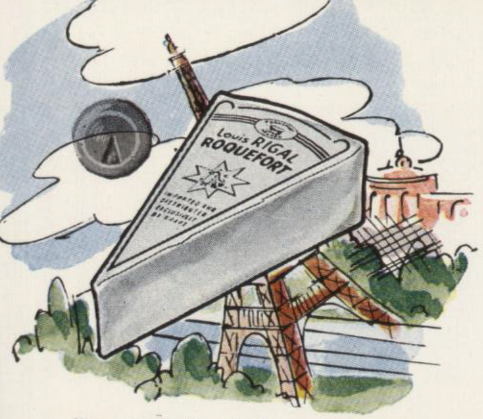
Advance Advertisements

KRAFT

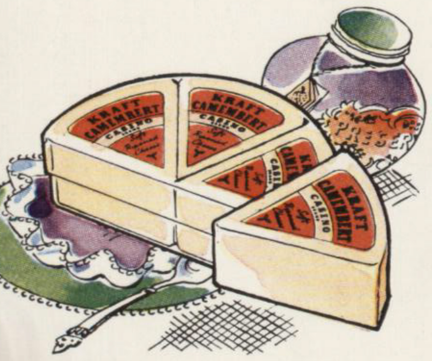
and

Sealtest

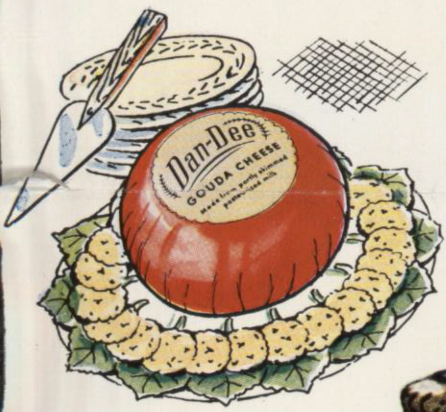
Real adventures in flavor!... *natural cheeses* from KRAFT


Louis RIGAL
ROQUEFORT

French Delight! From France, Kraft imports the very finest true Roquefort—beautifully balanced in richness and pungency. The name to look for on the Kraft-wrapped individual wedges is **Louis Rigal.**


KRAFT CAMEMBERT
CASINO

Temperamental—and tantalizing. French Camembert has always been too temperamental to be a good traveller. So velvety-crusted **Kraft Camembert—Casino Brand** is made here. Soft, ripe. Grand with jelly and crackers.


Dan-Dee
GOUDA CHEESE

Brilliant Scarlet. **Dan-Dee Gouda** is a Dutch-type Gouda made in the U.S.A.—bright red outside, marigold in color and mildly rich within. A dramatic touch for cheese trays. Always "a conversation piece."

Old-time Tasting! **Kay Brand** has the flavor and texture of old-fashioned "store cheese" you used to buy from the big round wheel. But Kay Natural American is made from *pasteurized* milk, cured without rind, sold in sanitary (and *so* handy!) half-pound packages. Wonderful with pie, in sandwiches, for snacks.

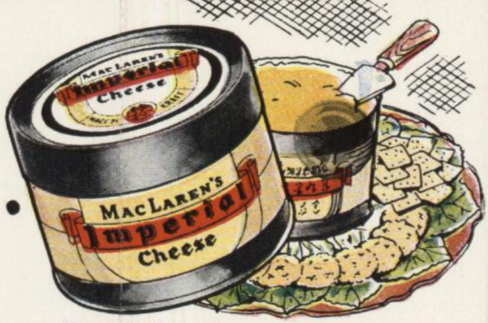
They're wonderful American "eatin'" cheeses... and fancy foreign types, too. Every one a special eating joy!

Here are cheeses with the subtle, mellow savor of Old World masterpieces. Here are real Early American cheeses—"homey-tasting," thru 'n' thru *good!* They're the special *natural* cheeses made or imported by Kraft for your delight.

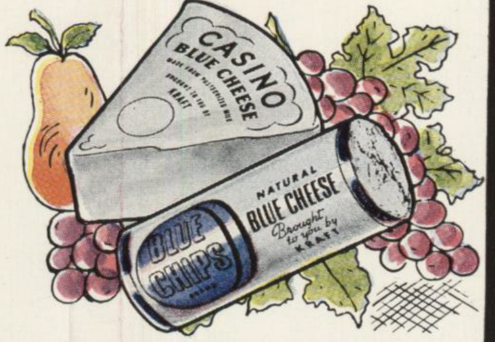
Of course, for quick sandwiches and cheese cookery, Kraft's popular process cheeses just can't be beat. But when you want a special adventure into new flavor realms, have a snack or a dessert of one of these glorious *natural* cheeses from Kraft. Or for a party, serve an *array* of them on a cheese tray!

Look for Kraft Natural Cheeses in your food store's dairy case. As you try them one by one you'll open up a whole new world of eating pleasures at your house!

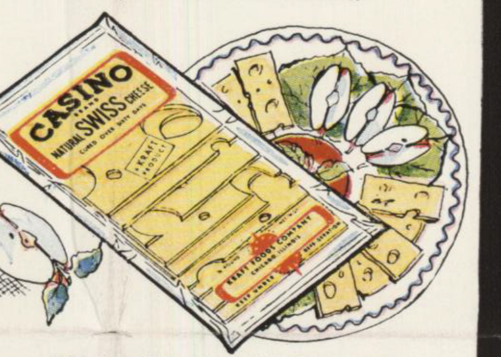
Enjoy the KRAFT TV THEATRE
Brilliant drama every Wednesday evening, NBC-TV.


MacLAREN'S
Imperial
Cheese

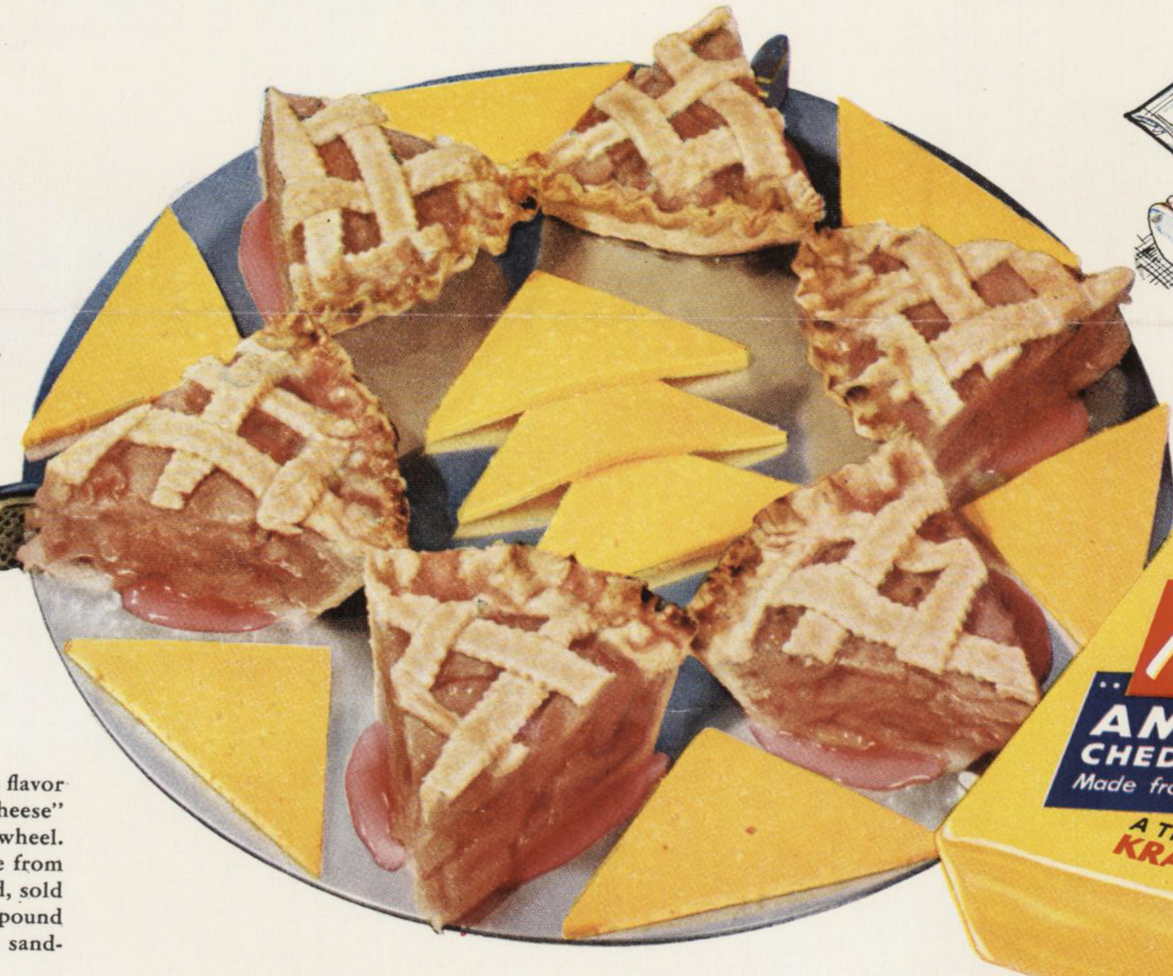
Famed Club Cheese. For many years **MacLaren's Imperial** was made only in Canada. Now Kraft makes this "aristocrat of sharp cheddars" in this country. Wonderfully sharp blend. Just set it out for snacks.


CASINO
BLUE CHEESE
NATURAL
BLUE CHEESE
Brought to you by KRAFT
BLUE CHIPS

Rhapsody in Blue! **Casino Brand Blue** is zestful, natural cheese, richly veined with marble-like markings. **Blue Chips**—a tangy blend of blue cheeses in a roll for easy slicing. For appetizers, salads; with fruit for dessert.

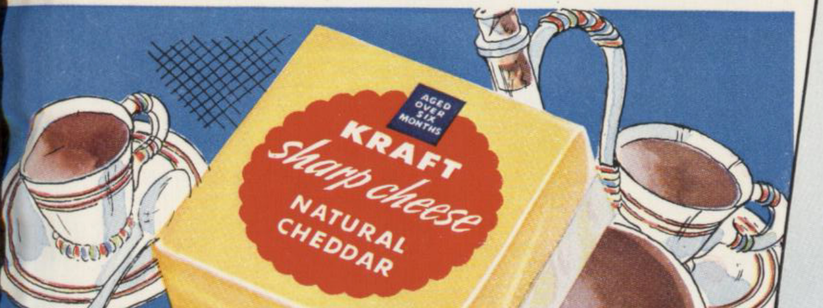

CASINO
NATURAL SWISS CHEESE

"Heart-of-the-Swiss" Goodness! Every slice of **Casino Brand Swiss** brings you the goodness you'd expect in a premium-price cut from the center of a huge Swiss wheel: more nut-sweet flavor, fine firm texture, no rind!


Kay
BRAND
NATURAL
AMERICAN
CHEDDAR CHEESE
Made from pasteurized milk
A TRIUMPH OF
KRAFT SKILL

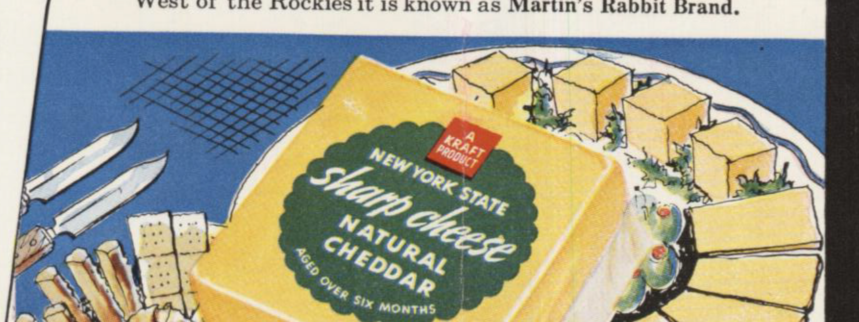
THE WORLD'S FAVORITE CHEESES ARE MADE OR IMPORTED BY KRAFT

Kraft Sharp Cheddar. The choicest of natural American cheddar, long-aged with patient care, to a deep-mellow goodness. Packaged without rind, it combines convenience with ripe goodness. For lovers of old-time tasting cheese with a little nip to its flavor.


AGED OVER SIX MONTHS
KRAFT
Sharp cheese
NATURAL
CHEDDAR

NATURALLY
FROM KRAFT
the finest of
natural cheeses

New York State Sharp Cheddar. From the lush dairy section of New York State comes this aged natural Yankee-type cheddar. Wonderful with pie, in sandwiches and snacks. West of the Rockies it is known as **Martin's Rabbit Brand.**


A KRAFT PRODUCT
NEW YORK STATE
Sharp cheese
NATURAL
CHEDDAR
AGED OVER SIX MONTHS

Sealtest
ICE CREAM
BUTTER ALMOND

Pure golden goodness

Butter Almond

Nuggets of golden almonds roasted in golden butter and buried in golden cream . . . SEALTEST Butter Almond Ice Cream is an exciting taste adventure. SEALTEST searches the flavor world to bring you its purest treasures, blending them with skill and care to bring out all their goodness. Try some and you'll know why SEALTEST is America's favorite ice cream.

Sealtest ICE CREAM

Buy the best . . . buy Sealtest

In Ice Cream, Milk, and other dairy foods, look for the SEALTEST trademark. Appearing only on products of divisions of National Dairy Products Corporation, it's your assurance of purity, quality, and delicious flavor.

KRAFT ADVERTISING

Real adventures in flavor!
natural cheeses
from KRAFT
AMERICAN
natural cheeses

An advance proof of a typical Kraft magazine advertisement is shown inside folder. This advertisement will appear in COLLIER'S on April 7 and in LOOK on May 8.

KRAFT ON THE AIR

TELEVISION

Program:	*Telecast Area:*
Kraft Television Theater	NBC Television Network Wednesday Evenings.
The Ruggles	Station KECA-TV Los Angeles, Calif. Thursday Evenings.

RADIO

Program:	*Network:*
The Great Gildersleeve	NBC Also in Canada; Hawaii Wednesday Evenings.
The Falcon	NBC Sunday Afternoons.
Queen For A Day	Mutual Also in Hawaii Tuesday and Thursday Mornings.
Bobby Benson	Mutual Tuesday and Thursday Afternoons.

Consult your local paper for times and stations.

Sealtest ADVERTISING

The accompanying Sealtest advertisement will be published in the SATURDAY EVENING POST on April 7 and in LIFE on April 23. Further Sealtest ads featuring ice cream and other dairy products will appear as follows:

Pure golden goodness
Butter Almond
Sealtest
ICE CREAM

MAGAZINES

POST	LIFE
May 5	May 14
May 26	June 4
June 16	June 25
July 7	July 9
July 21	July 30
August 4	August 13
August 18	August 27
September 1	September 17
October 6	November 5

SEALTEST ON THE AIR

TELEVISION

Program:	*Telecast Area:*
"Sealtest Big Top"	CBS Television Network Noon Saturday (Eastern Standard Time)

Consult your local paper for time and station.

RADIO

Sealtest musical spots — 2500 weekly covering 100 cities.

James Womack of Lenzburg, Ill., pictured with his sister, Patty, and one of the pure bred Jerseys which gained him one of the many awards we give to encourage youthful farmers.

William Herron, one of the youngest members of the Franklin County, Mass. 4-H Club, is shown feeding pure bred Guernsey calves their daily grain ration to supplement pasture feed. The Herron farm has been one of our suppliers for many years.

The close relationship between our companies and producers is illustrated by this scene on a North Carolina farm, where the owner and one of our field men examine a luxuriant stand of alfalfa.

Richard Beaty, 17, member of the Lancaster Township, Ind. Dairy Calf Club, and winner of a National Dairy Efficient Production Award. He is shown with the cow whose record brought the award.

Employees

Mrs. M. E. Belz, laboratory technician for our Chestnut Farms-Chevy Chase Dairy Co., Washington, D. C. Mrs. Belz has served us since April, 1919.

In the field, at the plants, in the laboratories, shops and offices, 43,000 men and women of National Dairy worked in 1950 to assemble, produce, process, pack and distribute our foods to the people of America.

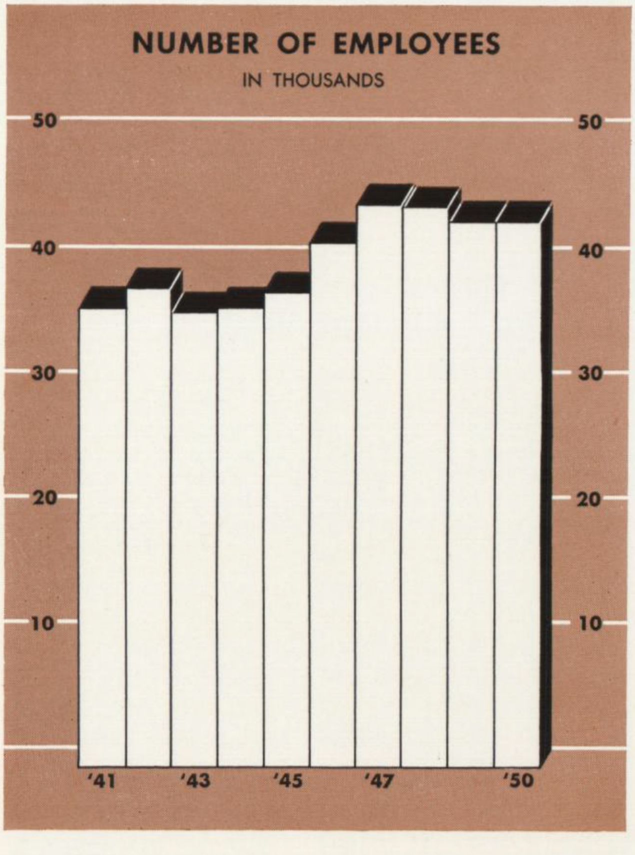
In the present world crisis, the food front is one of the most important fronts we have. National Dairy workers see and accept their added responsibilities for public service. They are efficient and productive in their jobs, and good citizens in their communities.

1950 PAYROLL OUR HIGHEST

Our companies provide employees with steady jobs, pleasant, safe working conditions and good wages. In 1950 we paid to employees $161,601,000, as compared to $156,888,000 in 1949. The 1950 payroll is the highest in our history, and was second only in our costs to the amount paid out to farm producers.

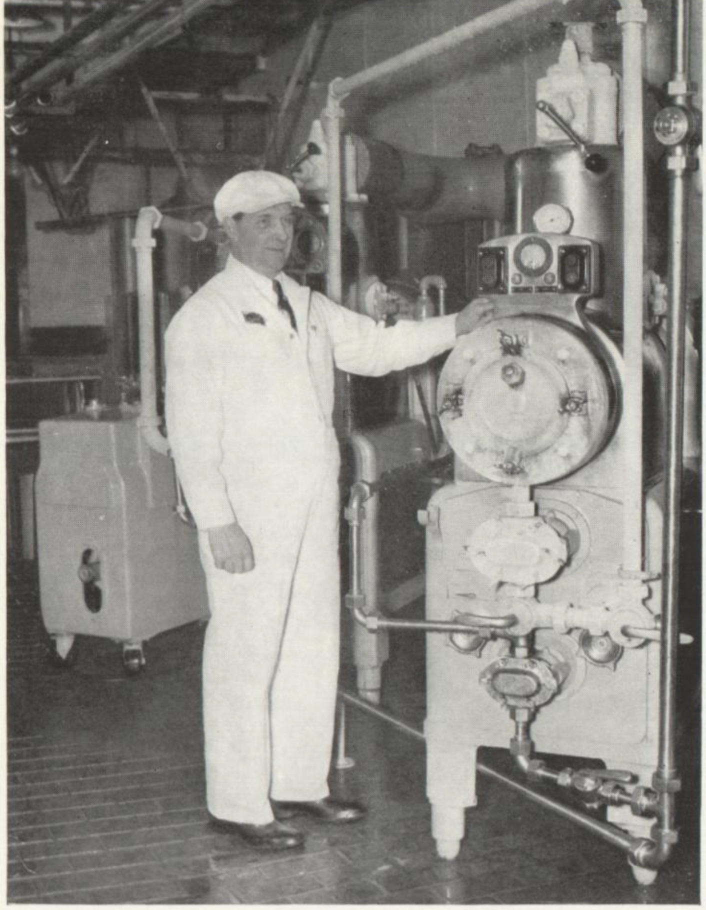
We want our employees to feel happy and secure in their work life and their home life. Our managers are the friends of their employees. And managers and workers, in turn, are the friends of the hundreds of dairy farmers, grocers, druggists and consumers with whom they have daily contact.

Personal security is important to economical productivity. For twenty years we have afforded employees protection through life, accident and sickness insurance, obtainable on a voluntary basis at low rates, for which we pay part of the cost. A total of 34,000 workers now subscribe for these benefits and about $12,300,000 has been paid out to employees and their families for accident, illness and death. In 1950, our workers carried an aggregate of $131,000,000 in term life insurance and $1,200,000 of weekly coverage for accident and sickness insurance.



PENSION PROGRAM EXTENDED

An important step in 1950 was the expansion of our pension program. With the approval of our stockholders, we made available to our divisions a non-contributory pension plan for employees in all earnings



Arthur C. Erhart, foreman of ice cream production at our Erie County Milk Association in Erie, Pa. Mr. Erhart has served us for 29 years.

Earl Stivers, at our Ewing-Von Allmen Co. in Louisville, Ky., receives his 19-year safe worker pin and citation card from Estel Hack, Managing Director, Louisville Safety Council.

brackets, supplementing the social security program of the Federal Government, and also made available to our divisions broader coverage of employees under our existing contributory retirement annuity plan based on compensation in excess of $3,600 per annum.

Eligible employees in groups to whom the non-contributory plan is extended by our divisions, with the approval of their collective bargaining representatives in the case of employees represented by unions, may qualify for a pension of $100 a month at age 65, including primary social security, after 25 years of service. The pension for permanent disability incurred after age 55 and after 15 years of service is $50 a month until normal retirement age, when the pension for age applies. The companies pay all of the cost of these pensions in excess of social security, plus one-half of the tax contributions currently being made toward the cost of the social security benefits as is done by other employers.

Eligible employees in groups to whom the contributory retirement annuity plan is similarly extended by our divisions may accumulate additional retirement benefits on their compensation in excess of $3,600, through contributions of both the employees and the companies to the plan, the additional annual pension after age 65 amounting to one-third of the employees' total contributions. The cost to the companies for these additional pensions is always substantially more than the cost to the employees.

We think this pension system is good for our stockholders and good for our workers. As older people retire, work opportunities will be created for younger employees.

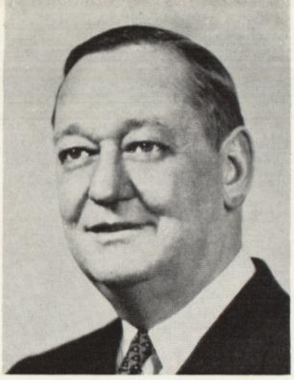
RECORDS OF LONG SERVICE

Our long-standing policy is to provide our workers with the chance for both training and advancement. The effect of this policy is illustrated by the large number of men and women who have been working with us for long periods.

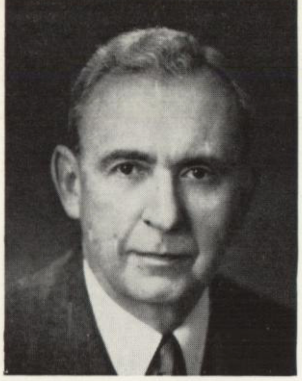
Our 1950 safety record was one of the best we ever achieved. Our frequency rate for accidental injuries was 22 per cent better than the 1950 national rate for the dairy industry as a whole; and our frequency rate for traffic accidents was 31 per cent better. Since our safety program was started 20 years ago, employee injuries have been decreased by 53 per cent, and traffic accidents by 55 per cent.

THOS. H. MCINNERNEY, *Chairman*
Board of Directors
36 years

L. A. VAN BOMEL, *President and Dir.;*
Chairman, Executive Committee
42 years



E. E. STEWART
Exec. Vice-Pres. and Director
30 years

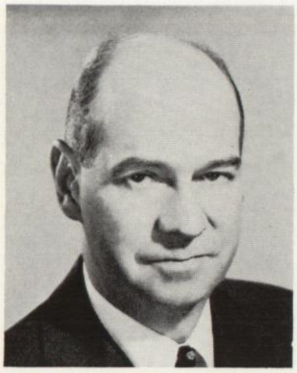


P. P. MILLER
Vice-President and Director
30 years

*HENRY W. BREYER, JR., *President*
Breyer Corp.
18 years

F. J. BAHL, *President*
Matthews-Frechtling Dairy Co.
Director; 39 years

E. N. BRAWNER, *Pres.*, Chestnut
Farms-Chevy Chase Dairy Co.
Director; 27 years



ROBERT S. GORDON, *Vice-President &*
Gen. Counsel, and Director
16 years

VERNON F. HOVEY, *President*
General Ice Cream Corp.
V.P. & Dir.; 45 years

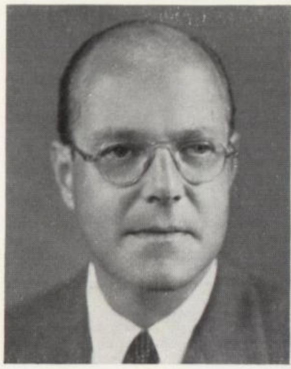
JOHN H. KRAFT, *President*
Kraft Foods Co.
V.P. & Dir.; 41 years

SAMUEL W. CLASTER, *President*
Breakstone Bros., Inc.
25 years

C. E. CUDDEBACK, *President*
Western Maryland Dairy, Inc.
29 years

A. J. DREUX, *President*
Rieck-McJunkin Dairy Co.
29 years

FRANK W. EDWARDS, *President*
Belle Vernon Milk Co.
31 years



C. E. FRISHMUTH, *President*
Supplee-Wills-Jones Milk Co.
29 years

ALEXANDER BOAG, JR.
Comptroller
25 years

A. S. ARONSON
Treasurer
18 years

COL. EDWARD F. BROWN
Assistant to President
5 years

REED HARTEL
Secretary
9 years

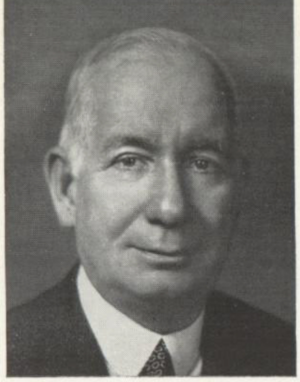
ELIZABETH H. DREHER
Assistant Secretary
24 years

Management

**Directors designated with an * are associated with organizations that are not divisions of National Dairy. The years shown represent their length of service as directors of National Dairy, and years in all other cases denote length of service with National Dairy and its predecessor companies.*

*James Bruce
10 years

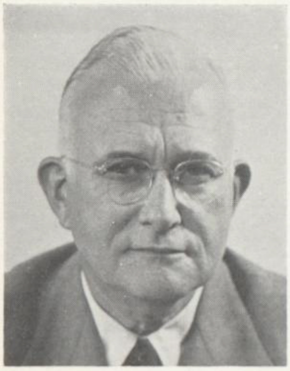
*Paul C. Cabot, *President*
State Street Investment Corp.
7 years



*Joseph Gilfillan, *Partner*
Gilfillan, Gilpin & Brehman
25 years

*Henry C. Von Elm, *President*
Manufacturers Trust Co.
9 years

*Sidney J. Weinberg, *Partner*
†Goldman, Sachs & Co.
20 years



E. J. Mather, *Board Chairman*
Southern Dairies, Inc.
V.P. & Dir.; 36 years

G. C. Pound, *Exec. Vice-Pres.*
Kraft Foods Co.
Director; 38 years

Geo. H. Rutherford
Vice-President and Director
19 years

Raymond J. Wise
Vice-President and Director
35 years

J. Huber Wetenhall
Assistant Vice-President
21 years

Harold H. Kendall, *President*
Detroit Creamery Co.
28 years

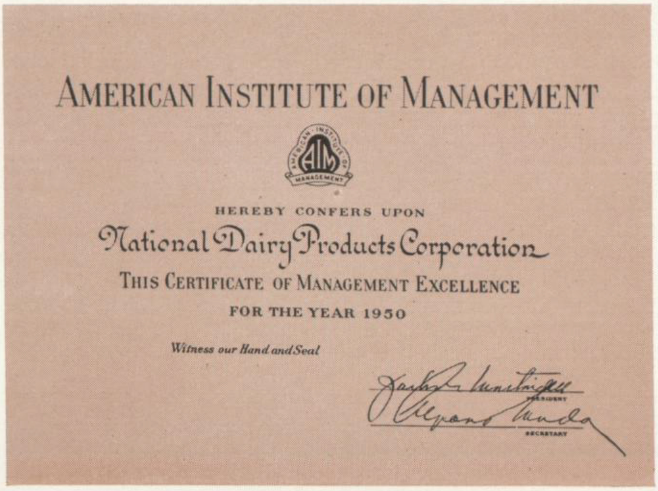
Dan Lewis, *President*
Consolidated Products Co.
33 years

George C. Mahle, *President*
Sugar Creek Creamery Co.
37 years

C. R. Roberts, *President*
Sheffield Farms Co.
25 years

Clyde H. Shaffer, *President*
Breyer Ice Cream Co.
26 years

†On temporary leave of absence with the Office of Defense Mobilization.



AMERICAN INSTITUTE OF MANAGEMENT

HEREBY CONFERS UPON
National Dairy Products Corporation
THIS CERTIFICATE OF MANAGEMENT EXCELLENCE
FOR THE YEAR 1950

Witness our Hand and Seal

PRESIDENT

SECRETARY

NATIONAL DAIRY PRODUCTS CORPORATION
AND DOMESTIC SUBSIDIARY COMPANIES

Consolidated Balance Sheets

ASSETS	December 31	
	1950	1949
CURRENT ASSETS:		
Cash	$ 33,164,402	$ 45,649,425
U. S. Government securities	5,671,492	7,943,146
Notes and accounts receivable, less reserve	38,669,078	32,825,139
Inventories, lower of average cost or market—		
Products and materials	81,333,311	70,204,095
Supplies	13,100,445	9,920,135
Total Current Assets	$171,938,728	$166,541,940
INVESTMENTS AND OTHER ASSETS:		
Foreign subsidiaries—		
Canadian	$ 5,671,032	$ 5,692,438
English, Australian and Argentine	3,969,319	3,944,717
Continental European	1	1
	$ 9,640,352	$ 9,637,156
Less—Reserve for investments	3,503,935	3,503,935
	$ 6,136,417	$ 6,133,221
Domestic subsidiaries, not consolidated	10,722	12,472
Miscellaneous investments, deposits and receivables, less reserve	3,468,708	2,568,028
	$ 9,615,847	$ 8,713,721
PROPERTY, PLANT AND EQUIPMENT (Stated at cost or, as to certain properties, at sound values as appraised as of dates of acquisition, less certain adjustments):		
Land	$ 13,533,911	$ 13,107,501
Buildings, machinery and equipment	247,731,394	222,387,706
	$261,265,305	$235,495,207
Less—Reserve for depreciation	101,215,591	89,363,425
	$160,049,714	$146,131,782
PREPAID AND DEFERRED ITEMS	$ 1,836,357	$ 2,215,903
GOODWILL	$ 1	$ 1
	$343,440,647	$323,603,347

(See Notes to Consolidated Financial Statements, page 23)

NATIONAL DAIRY PRODUCTS CORPORATION
AND DOMESTIC SUBSIDIARY COMPANIES

Consolidated Balance Sheets

LIABILITIES	*December 31*	
	1950	1949
CURRENT LIABILITIES:		
Accounts payable	$ 36,552,097	$ 31,474,228
Accrued liabilities	10,612,078	11,003,021
Provision for Federal taxes on income	30,600,000	22,150,000
Less—U. S. Government securities	(30,600,000)	(22,150,000)
Total Current Liabilities	$ 47,164,175	$ 42,477,249
LONG-TERM DEBT:		
2¾% Debentures due 1970 (Minimum annual sinking fund requirements: 1946-1950—$500,000 principal amount; 1951-1955—$1,000,000; 1956-1969—$1,500,000)	$ 47,000,000	$ 47,500,000
3% Debentures due 1970 (Minimum annual sinking fund requirements: 1950-1954—$600,000 principal amount; 1955-1959—$900,000; 1960-1969—$1,200,000)	29,400,000	30,000,000
3⅛% Notes (Due serially in Canadian funds $250,000 on December 1, each year 1951-1962)	3,000,000	3,000,000
	$ 79,400,000	$ 80,500,000
MINORITY INTEREST IN SUBSIDIARIES	$ 336,819	$ 327,067
RESERVES:		
Prior years' Federal and state taxes	$ 9,123,792	$ 9,090,039
Insurance and other	2,021,379	1,600,511
	$ 11,145,171	$ 10,690,550
CAPITAL STOCK AND EARNED SURPLUS:		
Common stock, authorized, without par value, 8,000,000 shares Issued and outstanding at stated value—6,345,761 shares (1949—6,313,212 shares)	$ 53,443,731	$ 52,585,597
Earned surplus, per statement attached	151,950,751	137,022,884
	$205,394,482	$189,608,481
	$343,440,647	$323,603,347

(See Notes to Consolidated Financial Statements, page 23)

NATIONAL DAIRY PRODUCTS CORPORATION
AND DOMESTIC SUBSIDIARY COMPANIES
Statements of Consolidated Profit and Loss and Earned Surplus

CONSOLIDATED PROFIT AND LOSS

	Year Ended December 31 1950	1949
INCOME:		
Net sales	$906,641,022	$897,675,545
Other income	3,297,635	2,444,793
Total	$909,938,657	$900,120,338
INCOME DEDUCTIONS:		
Cost of products	$662,935,193	$668,050,970
Delivery expense	97,339,773	95,186,602
Selling expense	53,342,926	48,945,469
General and administrative expense	29,952,693	28,728,922
Miscellaneous charges (credits)—net	902,935	1,568,256
Interest on long-term debt	2,200,381	2,231,266
Provision for Federal taxes on income (including $2,700,000 for excess profits taxes in 1950)	30,600,000	22,150,000
Total	$877,273,901	$866,861,485
NET PROFIT FOR THE YEAR	$ 32,664,756	$ 33,258,853

The provision for depreciation charged to costs and expenses amounted in 1950 to $17,285,511 and in 1949 to $14,944,273.

CONSOLIDATED EARNED SURPLUS

	1950	1949
Balance at beginning of year	$137,022,884	$102,624,193
Net profit for the year	32,664,756	33,258,853
Reserves for possible future inventory price declines and other contingencies transferred to earned surplus	None	15,000,000
	$169,687,640	$150,883,046
Dividends on common stock—$2.80 per share in 1950; $2.20 per share in 1949	17,736,889	13,860,162
Balance at end of year	$151,950,751	$137,022,884

(*See Notes to Consolidated Financial Statements, page 23*)

COMPTROLLER'S CERTIFICATE

The foregoing financial statements have been prepared under my direction from the companies' books kept under my supervision and, to the best of my knowledge and belief, fairly state the consolidated position of National Dairy Products Corporation and domestic subsidiaries as of December 31, 1950 and the consolidated operations for the year ended on that date.

A Boag Jr.

Comptroller

New York, N. Y., March 8, 1951.

NATIONAL DAIRY PRODUCTS CORPORATION
AND DOMESTIC SUBSIDIARY COMPANIES
Notes to Consolidated Financial Statements . . . December 31, 1950

PRINCIPLES OF CONSOLIDATION

All domestic subsidiary companies have been included in consolidation in the financial statements, except a mutual insurance company and three minor companies in which latter companies a majority but not more than sixty per cent of the voting stock is owned. All foreign subsidiaries have been excluded from consolidation in the financial statements.

FOREIGN SUBSIDIARIES

The net sales of subsidiaries located in Canada, England, Australia and Argentina aggregated $39,280,232 for the year 1950 and $32,756,475 for the year 1949. The Company's equity in the net profits of such subsidiaries for the years 1950 and 1949 was $1,558,756 and $1,249,837, respectively. The amounts shown are stated at the rates of exchange prevailing at the end of the respective years. However, the profits shown for 1949 are before deducting charges aggregating $1,167,603 resulting from the translation of net current assets of such foreign subsidiaries into terms of U. S. dollars at the rates of exchange prevailing after the currency devaluation which took place in 1949. The Company's equity in the net tangible assets of such foreign subsidiaries amounted to $12,929,958 at December 31, 1950.

Dividends of $686,782 in 1950 and $458,022 in 1949 were received from foreign subsidiaries and credited to profit and loss.

DIVIDEND RESTRICTION

The Indenture and Supplemental Indentures under which the Debentures of the Company are outstanding contain provisions with respect to the payment of dividends on the common stock. Under these provisions approximately $72,500,000 of the consolidated earned surplus was restricted at December 31, 1950.

INCENTIVE COMPENSATION PLANS

Under the incentive compensation plans of the subsidiaries, officers and employees received payments amounting to approximately $1,470,000 for 1950 as compared with $1,325,000 for 1949. These plans covered in 1950 a total of 1,005 key employees, none of whom received more than 1.5% of the total. No officer or employee of the parent company participated in these plans.

EMPLOYEES' SHARE PURCHASE PLAN

300,000 shares of the authorized and unissued common stock of the Company were reserved until May 15, 1954 for sale to officers and other key employees pursuant to the Employees' Share Purchase Plan approved by the stockholders in 1944. Privileges to purchase a total of 198,570 shares in instalments to and including May 15, 1954, at prices ranging from $21.75 per share, to $45.55 per share, depending upon the dates of the grants of the privileges to purchase, were held by 734 key employees at December 31, 1950. 90,514 shares have been issued under the plan to December 31, 1950 and the proceeds therefrom amounting to $2,177,055 have been credited to the common stock issued account.

RETIREMENT ANNUITIES

Charges to costs and expenses in 1950 and 1949 with respect to future service retirement annuities amounted to approximately $1,169,000 and $973,000, respectively.

On October 19, 1950, the stockholders approved a new non-contributory pension plan available at the election of the employing companies (with the approval of unions in the case of union employees) to all eligible employees of the Company and its domestic subsidiaries and certain changes affecting costs of the existing Retirement Annuity Plan. It is estimated that, if all eligible employees were covered, $18,572,000 would be required at January 1, 1951 to fund the past service cost of the non-contributory plan. It is the present intention of the Company, however, to amortize the past service cost in equal payments over a period of 30 years, which would require annual payments of $873,000. The estimated maximum annual cost, including such amortization, of the Non-Contributory Pension Plan is $1,850,000, and the estimated maximum annual cost of the amendments to the Retirement Annuity Plan is $529,000.

AUDITORS' CERTIFICATE

To the Board of Directors and Stockholders of
National Dairy Products Corporation:

We have examined the consolidated balance sheet of National Dairy Products Corporation (a Delaware corporation) and domestic subsidiary companies as of December 31, 1950, and the related statements of consolidated profit and loss and earned surplus for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We made a similar examination for the year 1949.

In our opinion, the accompanying consolidated balance sheet and statements of consolidated profit and loss and earned surplus present fairly the financial position of National Dairy Products Corporation and domestic subsidiary companies consolidated as of December 31, 1950, and the results of their operations for the year then ended, and were prepared in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

New York, N.Y., March 8, 1951.

Arthur Andersen & Co.

NATIONAL DAIRY PRODUCTS CORPORATION
AND DOMESTIC SUBSIDIARY COMPANIES

Condensed Ten-Year Statement of Consolidated Assets and Liabilities

(All amounts are expressed in thousands)

	1950	1949	1948	1947	1946	1945	1944	1943	1942	1941
WORKING CAPITAL										
CURRENT ASSETS										
Cash and marketable securities	$ 38,836	$ 53,593	$ 45,690	$ 30,614	$ 26,862	$ 56,295	$ 45,346	$ 29,767	$ 17,028	$ 15,016
Notes & accounts receivable (net)	38,669	32,825	36,893	36,462	30,754	21,600	23,581	22,873	23,828	26,807
Inventories	94,434	80,124	89,712	86,168	86,766	46,463	44,872	52,252	50,410	55,338
Total Current Assets	$171,939	$166,542	$172,295	$153,244	$144,382	$124,358	$113,799	$104,892	$ 91,266	$ 97,161
CURRENT LIABILITIES										
Bank loans	$ 0	$ 0	$ 0	$ 7,500	$ 0	$ 0	$ 0	$ 0	$ 1,757	$ 13,475
Serial Debentures	0	0	0	0	0	0	1,500	1,500	1,500	1,500
Accounts payable and accruals	47,164	42,477	40,093	40,516	43,438	33,884	28,388	26,798	23,317	22,859
Provision for Federal income tax	30,600	22,150	16,200	15,000	20,500	28,425	33,080	29,000	18,500	9,676
Less—U. S. Government securities	(30,600)	(22,150)	0	0	(17,461)	(28,425)	(33,080)	(29,000)	(18,500)	0
Total Current Liabilities	$ 47,164	$ 42,477	$ 56,293	$ 63,016	$ 46,477	$ 33,884	$ 29,888	$ 28,298	$ 26,574	$ 47,510
Working Capital	$124,775	$124,065	$116,002	$ 90,228	$ 97,905	$ 90,474	$ 83,911	$ 76,594	$ 64,692	$ 49,651
PROPERTY, PLANT AND EQUIPMENT (Net)	160,050	146,132	134,316	115,138	94,873	81,693	84,974	92,188	97,387	100,575
INVESTMENTS, OTHER ASSETS AND PREPAID ITEMS	11,452	10,929	11,031	8,561	8,482	7,999	9,240	8,818	9,883	11,394
Total	$296,277	$281,126	$261,349	$213,927	$201,260	$180,166	$178,125	$177,600	$171,962	$161,620
LONG-TERM DEBT	$ 79,400	$ 80,500	$ 81,500	$ 49,000	$ 49,500	$ 50,000	$ 51,700	$ 58,800	$ 64,416	$ 66,450
MINORITY INTEREST	337	327	319	340	337	303	345	321	298	350
RESERVES	11,145	10,691	25,001	24,238	23,165	16,998	17,617	16,654	12,216	7,601
Total	$ 90,882	$ 91,518	$106,820	$ 73,578	$ 73,002	$ 67,301	$ 69,662	$ 75,775	$ 76,930	$ 74,401
Book Value of Common Stock	$205,395	$189,608	$154,529	$140,349	$128,258	$112,865	$108,463	$101,825	$ 95,032	$ 87,219

NATIONAL DAIRY PRODUCTS CORPORATION
AND DOMESTIC SUBSIDIARY COMPANIES

Condensed Ten-Year Statement of Consolidated Profit and Loss

(All amounts are expressed in thousands, except per share and other statistics)

	1950	1949	1948	1947	1946	1945	1944	1943	1942	1941
INCOME:										
Net sales	$906,641	$897,675	$986,404	$897,324	$742,409	$632,769	$593,853	$580,173	$562,451	$431,049
Other income	3,298	2,445	2,465	2,438	2,023	2,424	1,718	1,311	1,306	1,249
Total income	$909,939	$900,120	$988,869	$899,762	$744,432	$635,193	$595,571	$581,484	$563,757	$432,298
INCOME DEDUCTIONS:										
Cost of products	$662,935	$668,051	$779,298	$708,069	$563,754	$476,066	$441,609	$436,739	$425,808	$310,274
Delivery expense	97,340	95,187	94,001	87,526	75,217	63,704	58,466	56,991	57,111	53,321
Selling expense	53,343	48,945	46,549	40,908	32,104	26,801	24,175	22,786	26,430	26,598
General and administrative expense	29,953	28,729	26,373	23,464	20,794	18,750	18,893	16,931	15,822	14,151
Miscellaneous	903	1,568	(767)	278	236	5,664	4,311	1,567	2,008	1,091
Interest on long-term debt	2,200	2,231	1,857	1,358	1,383	1,669	1,799	1,921	1,956	1,978
Provision for Federal income tax	30,600	22,150	16,200	15,000	20,500	28,425	33,000	29,000	18,500	8,950
Total income deductions	$877,274	$866,861	$963,511	$876,603	$713,988	$621,079	$582,253	$565,935	$547,635	$416,363
Net profit for the year	$ 32,665	$ 33,259	$ 25,358	$ 23,159	$ 30,444	$ 14,114	$ 13,318	$ 15,549	$ 16,122	$ 15,935
Appropriated to reserve for possible future inventory price declines and other contingencies	0	0	0	0	5,000*	0	0	2,500*	3,900*	3,600*
Balance transferred to earned surplus	$ 32,665	$ 33,259	$ 25,358	$ 23,159	$ 25,444	$ 14,114	$ 13,318	$ 13,049	$ 12,222	$ 12,335
PAYMENTS:										
Dividends	$ 17,737	$ 13,860	$ 11,306	$ 11,295	$ 10,334	$ 8,757	$ 6,881	$ 6,255	$ 5,004	$ 5,004
Payroll	161,601	156,888	152,574	141,372	122,408	102,532	94,648	88,632	83,136	72,992
Taxes	40,924	32,110	23,824	21,963	26,723	34,651	40,644	36,099	25,453	15,696
PER SHARE OF COMMON STOCK:										
Earnings transferred to earned surplus	$ 5.14	$ 5.26	$ 4.03	$ 3.68	$ 4.05	$ 2.25	$ 2.12	$ 2.08	$ 1.95	$ 1.97
Dividends	2.80	2.20	1.80	1.80	1.65	1.40	1.10	1.00	.80	.80
Taxes	6.44	5.08	3.79	3.50	4.26	5.54	6.50	5.77	4.07	2.51
OTHER STATISTICS:										
Number of—										
Common Stockholders	64,420	66,764	67,656	67,256	67,308	67,347	66,636	66,889	68,798	68,820
Employees	43,060	43,615	44,702	44,785	41,799	37,933	36,698	36,281	38,126	36,697

NOTE: **The aggregate of these amounts was transferred to earned surplus in 1949.*

NATIONAL DAIRY PRODUCTS CORPORATION

BOARD OF DIRECTORS

Directors whose names are marked with an asterisk are associated with organizations that are not subsidiaries of National Dairy.

F. J. Bahl, *President*
Matthews-Frechtling Dairy Company
Cincinnati

Edgar N. Brawner, *President*
Chestnut Farms-Chevy Chase Dairy Company
Washington, D. C.

*Henry W. Breyer, Jr.
President, Breyer Corporation; Investments
Philadelphia

*James Bruce
New York

*Paul C. Cabot
President, State Street Investment Corporation
Boston

*Joseph Gilfillan
Partner, Gilfillan, Gilpin & Brehman
Philadelphia

Robert S. Gordon, *Vice-President & General Counsel*
National Dairy Products Corporation

Vernon F. Hovey, *President*
General Ice Cream Corporation, Schenectady
Vice-President
National Dairy Products Corporation

John H. Kraft, *President*
Kraft Foods Company, Chicago
Vice-President
National Dairy Products Corporation

Elmer J. Mather, *Vice-President*
National Dairy Products Corporation
Chairman of the Board
Southern Dairies, Inc., Washington, D. C.

Thos. H. McInnerney, *Chairman of the Board*
National Dairy Products Corporation

P. P. Miller, *Vice-President*
National Dairy Products Corporation

G. C. Pound, *Executive Vice-President*
Kraft Foods Company
Chicago

Geo. H. Rutherford, *Vice-President*
National Dairy Products Corporation

E. E. Stewart, *Executive Vice-President & Chairman of the Operating Committee*
National Dairy Products Corporation

L. A. Van Bomel, *President & Chairman of the Executive Committee*
National Dairy Products Corporation

*Henry C. Von Elm
President, Manufacturers Trust Company
New York

*Sidney J. Weinberg
†*Partner,* Goldman, Sachs & Co.
New York

Raymond J. Wise, *Vice-President*
National Dairy Products Corporation

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† *On temporary leave of absence with the Office of Defense Mobilization.*

NATIONAL DAIRY PRODUCTS CORPORATION

EXECUTIVE COMMITTEE

OF THE BOARD OF DIRECTORS

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Paul C. Cabot
Joseph Gilfillan
Vernon F. Hovey
John H. Kraft
Elmer J. Mather
Thos. H. McInnerney
E. E. Stewart
Henry C. Von Elm
Sidney J. Weinberg

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OFFICERS

L. A. VAN BOMEL
President

E. E. Stewart	*Executive Vice-President*
Robert S. Gordon	*Vice-Pres. & Gen. Counsel*
Vernon F. Hovey	*Vice-President*
John H. Kraft	*Vice-President*
Elmer J. Mather	*Vice-President*
P. P. Miller	*Vice-President*
Geo. H. Rutherford	*Vice-President*
Raymond J. Wise	*Vice-President*

THOS. H. McINNERNEY
Chairman of the Board

J. Huber Wetenhall	*Asst. Vice-President*
A. Boag, Jr.	*Comptroller*
A. S. Aronson	*Treasurer*
Reed Hartel	*Secretary*
Peter Campbell, Jr.	*Asst. Comptroller*
L. J. Zimmerlein	*Asst. Comptroller*
H. L. Maurhoff	*Asst. Treasurer*
Elizabeth H. Dreher	*Asst. Secretary*

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EXECUTIVE MANAGEMENT STAFF

L. A. VAN BOMEL, *Chairman*
President, NATIONAL DAIRY PRODUCTS CORPORATION

E. E. Stewart
Executive Vice-President & Chairman, Operating Committee

P. P. Miller
Vice-President

Robert S. Gordon
Vice-President & General Counsel

Geo. H. Rutherford
Vice-President for Finance

J. Huber Wetenhall
Assistant Vice-President

A. Boag, Jr., *Comptroller*

A. S. Aronson, *Treasurer*

Col. Edward F. Brown
Assistant to the President and
Director of Public & Stockholder Relations

Glenn Gundell
Director of Advertising & Sales Promotion

Dr. Lauren B. Hitchcock
Director of Research & Development

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OPERATING COMMITTEE

E. E. STEWART, *Chairman*

Edgar N. Brawner
Christie E. Cuddeback
A. J. Dreux
Frank W. Edwards
C. E. Frishmuth
Vernon F. Hovey
Harold H. Kendall
John H. Kraft
Dan Lewis
George C. Mahle
Elmer J. Mather
Thos. H. McInnerney
P. P. Miller
G. C. Pound
C. R. Roberts
Geo. H. Rutherford
Clyde H. Shaffer
L. A. Van Bomel
J. Huber Wetenhall
Raymond J. Wise

Members of this committee are executives of National Dairy Products Corporation or subsidiary companies and are appointed by the Board of Directors.

Transfer Agent
Manufacturers Trust Company
New York, N. Y.

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Sullivan & Cromwell, *Counsel*

Registrar
The Chase National Bank of the
City of New York, New York, N. Y.

•

Arthur Andersen & Co., *Auditors*

NATIONAL DAIRY PRODUCTS CORPORATION

230 PARK AVENUE • NEW YORK 17, N. Y.

PRINCIPAL DIVISIONS

Akron Pure Milk Co., Akron, O.

Belle Vernon Milk Co., Cleveland, O.
Breakstone Bros., Inc., New York, N. Y.
Breyer Ice Cream Co., Philadelphia, Pa.
Brookhaven Creamery Co., Inc., Brookhaven, Miss.

Castles Ice Cream Co., Garfield, N. J.
Chapman Dairy Co., Kansas City, Mo.
Chestnut Farms-Chevy Chase Dairy Co., Washington, D. C.
Clover Dairy Co., Wilmington, Del.
Clover Farm Dairy Co., Memphis, Tenn.
Cloverland Dairy Products Div., New Orleans, La.
Cloverleaf Creameries, Inc., Huntington, Ind.
Consolidated Dairy Products Co., Inc., Long Island City, N. Y.
Consolidated Products Co., Danville, Ill.
Consumers Dairy Co., Union City, N. J.

Deerfoot Farms Co., Southboro, Mass.
Detroit Creamery Co., Detroit, Mich.
Dodds Alderney Dairy, Inc., Buffalo, N. Y.

Ebling Creamery Co., Detroit, Mich.
Erie County Milk Association, Erie, Pa.
Ewing-Von Allmen Dairy Co., Louisville, Ky.

Franklin Ice Cream Co., Kansas City, Mo.
Frechtling Dairy Co., Cincinnati, O.

General Ice Cream Corp., Schenectady, N. Y.

Harding Co., Omaha, Neb.
Hiland Dairy Co., Newport, Ky.
Hydrox Corp., Chicago, Ill.
Hydrox Ice Cream Co., Inc., Long Island City, N. Y.

Kraft Foods Co., Chicago, Ill.
  N. V. Kaashandel Betz & Jay, Rotterdam, Holland
  Kraft Cheese Co. Limited, Hayes, England
  Kraft Dairies Limited, Hayes, England
  Kraft Foods Co. of Wisconsin, Green Bay, Wis.
  Kraft Foods Limited, Montreal, Quebec, Canada
  Kraft Kase-Werke, G.m.b.H., Lindenberg, Bavaria, Germany
  Kraft Walker Cheese Co., Proprietary Ltd., Melbourne, Australia
  Phenix Pabst-ett Co., Chicago, Ill.

Luick Dairy Co., Milwaukee, Wis.
Luick Ice Cream Co., Milwaukee, Wis.

Magnolia Creamery Co., Inc., Magnolia, Miss.
Martin Dairy Products Co., Martin, Tenn.
Marvadel Ice Cream Co., Inc., Salisbury, Md.
Matthews-Frechtling Dairy Co., Cincinnati, O.
Merchants Cold Storage Co., Cincinnati, O.
Muller Dairies, Inc., New York, N. Y.

Nashville Pure Milk Co., Nashville, Tenn.
National Creamery Co., Somerville, Mass.
National Dairy Products Co., Inc., Chicago, Ill.
National Dairy Products Corp. of Canada, Limited, Toronto, Canada
National Dairy Research Laboratories, Inc., Oakdale, N. Y.

Ohio Clover Leaf Dairy Co., Toledo, O.
Ovson Egg Co., Chicago, Ill.

Rieck-McJunkin Dairy Co., Pittsburgh, Pa.
J. D. Roszell Co., Peoria, Ill.

St. Louis Dairy Co., St. Louis, Mo.
Sanitary Milk Co., Canton, O.
Sheffield Farms Co., Inc., New York, N. Y.
Southern Dairies, Inc., Washington, D. C.
Sugar Creek Creamery Co., Danville, Ill.
Supplee-Wills-Jones Milk Co., Philadelphia, Pa.

Telling Ice Cream Co., Cleveland, O.
Tri-State Butter Co., Cincinnati, O.

Union Ice Cream Co., Nashville, Tenn.

Western Maryland Dairy, Inc., Baltimore, Md.

Youngstown Sanitary Milk Co., Youngstown, O.

Printed in U.S.A.

Sealtest Ice Cream
VANILLA
CHOCOLATE
STRAWBERRY
MAPLENUT
NEAPOLITAN
FUDGE ROYALE

KRAFT
sharp cheese
NATURAL CHEDDAR
Kay BRAND
NATURAL
MILD CHEESE
AMERICAN CHEDDAR
Made from pasteurized milk
KRAFT

Breakstone's
PASTEURIZED
SOUR CREAM
HOMOGENIZED

KRAFT
DINNER
FOR Delicious
MACARONI-AND-CHEESE
ONLY 7 minutes
COOKING TIME REQUIRED

Sealtest
PASTEURIZED
CULTURED
BUTTERMILK
Sealtest

KRAFT
PASTEURIZED PROCESS
WHITE AMERICAN
CHEESE
KRAFT
PASTEURIZED PROCESS
AMERICAN
CHEESE
PIMENTO
VELVEETA
PROCESS CHEESE FOOD
VELVEETA
Old English
SHARP
KRAFT
PIMENTO
PROCESS CHEESE

KRAFT
KRAFT
MALTED MILK
KRAFT Dairy-Fresh
CARAMELS
KRAFT
CARAMELS

SHAKE WELL
Miracle
FRENCH DRESSING
CREATED BY
KRAFT
SHAKE WELL
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Kitchen Fresh
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NORWICH, NEW YORK
SHEFFIELD
SODIUM CASEINATE
POWDER

NORWICH, NEW YORK
SHEFFIELD
CALCIUM LACTATE
U.S.P.
NORWICH, NEW YORK
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LACTOSE, U.S.P.
MILK SUGAR, U.S.P.

Imperial
Cheese
MADE BY KRAFT
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Imperial
Cheese
A SUPERB BLEND OF SHARP NATURAL CHEDDAR
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BRAND
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BETZ & JAY
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NATIONAL DAIRY
Sealtest
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NATIONAL DAIRY
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